

AUDIT COMMITTEE

TUESDAY, 24 JUNE 2008

PRESENT:- Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Steve Allsopp, Mark Edwards, David Sammels and Peter Stoddart

An apology for absence was received from Councillor Mary Martin.

1. Declarations of Interest

The Chair reminded Members of the need to declare any known interests in any matter to be considered at the meeting.

2. Public Question Time

No questions were asked under Standing Order 18.

3. Minutes

Resolved – (1) That the minutes of the meeting held on 22 April 2008 be confirmed and signed.

(2) That, further to Minute 63(2) 2007/8, it be noted that a special meeting of the Committee would be convened at the earliest opportunity to receive the Final Audit report on contracting of works and allow members to consider progress in implementing the action plan produced in response to the findings of the Internal Audit review. In order to assist the Committee in its consideration of the matter, the Chief Executive and other appropriate responsible officers would be invited to attend the meeting to report on measures introduced to address key risks and provide an assurance to the Committee that the significant risks identified by the audit review are not evident in other parts of the organisation's operations.

4. Exempt Items - Exclusion of Press and Public

That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below on the grounds that they involve the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute No.</u>
13	3	12
14 – 16	7	13 - 15

5. Statement of Accounts 2007/08

The Director of Finance submitted a reported introducing the pre-audited Statement of Accounts for the Financial Year 2007/08 for the Committee's consideration and approval. The Committee was advised of changes made to the presentation of the accounts to comply with the Statement of Recommended Practice (SORP) and of a number of minor textual changes that had been made to the Statement since the

agenda was published.

Resolved – (1) That the pre-audited Statement of Accounts for the Financial year 2007/8 be approved.

(2) That the Director of Finance and his team be thanked for their hard work in producing the Statement of Accounts 2007/08 within a changing accounting environment and what remains a very challenging timeframe.

6. External Audit: Audit and Inspection Plan

The Group Director Business Transformation submitted a report introducing the External Auditors' Audit and Inspection Plan 2008/9, advising the Committee of the audit and inspection work proposed to be undertaken in 2008/9. Mr Peter Smith of the External Auditors attended the meeting to present the report, explaining that the plan was based on the Audit Commission's risk-based approach to audit planning and the requirements of the move from Comprehensive Performance Assessment (CPA) towards Comprehensive Area Assessment (CAA) and was intended to reflect:

- the External Auditors' responsibilities under the Code of Audit Practice
- Audit and inspection work specified by the Audit Commission for 2008/09
- the Council's local risks and improvement priorities; and
- current national risks relevant to the Council's local circumstances.

Mr Smith highlighted the main elements of the Audit and Inspection Plan, including details of the structure of scale fees, and responded to members' questions on issues raised during his presentation.

Resolved – That the report be noted and that Mr Peter Smith be thanked for his attendance at the meeting and for his presentation of the External Auditors' Audit and Inspection Plan 2008/9.

7. External Audit: Progress Report

Mr Peter Smith of the Council's External Auditors introduced a report on progress against their audit and inspection plan for 2007/8 and work in progress for 2008/9.

Resolved – (1) That the report be noted.

(2) That details of completed audit and inspection work be not included in future audit progress summaries.

8. External Audit: Review of Internal Audit

The Chief Executive submitted a report on the results of the External Audit Review of the Council's Internal Audit Section, carried out during February/March 2008. Mr Peter Smith of the Council's External Auditors introduced the report, which provided an assessment of Internal Audit's performance and compliance with the eleven standards set out by CIPFA in its "Code of Practice for Internal audit in local government". Mr Smith advised that the Council's Internal audit section was fully compliant with all eleven standards. It was further noted that Internal Audit anticipated that the single recommendation in the audit report, that all performance and quality policies and procedures be brought together in a single document, would be met by year end.

Resolved – (1) That the results of the External Audit review of the Council's Internal Audit section be welcomed and that the Action Plan appended to the review report be endorsed.

(2) That the Head of Internal Audit and his team be congratulated on the very

positive outcome of this External Audit review.

9. Potential role for independent members on the Audit Committee

The Group Director Business Transformation submitted a report regarding the appointment of independent members to the Council's Audit Committee.

Resolved – (1) That the report be noted.

(2) That the Committee does not wish to pursue the appointment of independent members to the Council's Audit Committee at this time but agrees that this position be reviewed annually.

10. Audit Committee: Annual Report for the year 2007/08

The Head of Internal Audit submitted the Audit Committee's Annual Report 2007/8, providing a summary of the work undertaken by the Committee, and its various activities and accomplishments, over the period of the last Municipal Year. The Head of Internal Audit explained that this was the first Annual report produced in relation to the work of the Audit Committee and invited members' comments on both the format and content of the report and ways in which the report might be enhanced to better promote the work of the Committee.

Resolved – (1) That the report be noted.

(2) That the Audit Committee's Annual Report 2007/8 be amended to incorporate reference to the excellent outcome of the External Audit review of the Council's Internal Audit function and that the revised Annual Report be submitted to the Council for approval.

(3) That the Director of Law and Democratic Services report to the next meeting of this Committee on a proposed change to the Council's Constitution to afford this Committee the same authority as the Overview and Scrutiny Committees to require "any member of the Cabinet or Senior Officer (Chief Executive, Group Director or Director) to attend before it" to facilitate the Committee's debate of matters within that member's, or officer's, remit.

11. Annual Governance Statement

The Head of Internal Audit submitted a report introducing the Council's draft Annual Governance Statement 2007/8 for consideration and approval. It was noted that the Annual Governance Statement is a formal statement of the Council's governance framework and therefore constitutes a key source of assurance for the Audit Committee.

Resolved – That the Council's Annual Governance Statement be approved to be signed off by the Leader of the Council and the Chief Executive.

12. Risk Management Status Update

The Director, Partnership, Performance and Policy submitted a summary report on Risk Management within the Council. The Council's Business Continuity Manager presented the report, highlighting a number of key issues within the report, including the delivery of the Council's Risk Management Strategy and the proposed strategy review by April 2009, the Corporate Risk Register as an integral element of the Council's Performance Management Framework, progress in updating Group Directorate and Service Area Risk Registers, risk management training events, the Council's long term insurance arrangements and insurance claims made in the

period since April 2005, business continuity management, disaster recovery and preventative measures, and security management in relation to the Council's ICT infrastructure.

Resolved – (1) That the quarterly summary report on Risk Management within the Council be noted.

(2) That it be noted that a new Risk Manager had now been appointed by the Council, the appointment to commence on 1st August 2008.

(3) That, when the new risk registers are finalised, a training session for all members be organised on the topic of the Council's Risk Management arrangements and the operation of the Corporate and Directorate risk registers.

(4) That future Risk Management Status reports include reference to the Council's Civil Contingencies arrangements, in regard to its category 1 Responder status under the provisions of the Civil Contingencies Act 2005. The report should also continue to bring to the Committee's attention any potentially large insurance claims against the Council.

13. Internal Audit's Annual Report for the year 2007/08

The Head of Internal Audit submitted a report introducing Internal Audit's Annual report for 2007/8. The Annual report provided a summary of the work completed by Swindon Internal Audit Services for 2007/8 and set out the Head of Internal Audit's overall opinion of the Council's system of internal control.

Resolved – That the Head of Internal Audit's Annual Report for 2007/8 be noted.

14. Internal audit reports identifying significant risk or "of concern"

Further to Minute 63(2) 2007/8, the Head of Internal Audit briefly reported on the status of the internal audit review of Contracting of Works and progress in producing the final report. It was noted that, following discussion of the matter with senior officers, the Chair had agreed that, rather than produce an interim report for this meeting, the Final Audit report on Contracting of Works would be submitted to a special meeting of the Committee, or to the next scheduled meeting of this Committee if more convenient. In order to assist the Committee in its consideration of the matter, the Chief Executive and other appropriate responsible officers would be in attendance at that meeting to report on measures introduced to address key risks and provide an assurance to the Committee that the significant risks identified by the initial audit review are not evident in other parts of the organisation's operations.

15. Head of Internal Audit Update

The Committee received a report summarising the main issues arising from Internal Audit reports finalised in May and June 2008 and advising on progress against the Internal Audit Plan. The report also provided the Committee with information in respect of the staffing situation within internal audit, progress in relation to the Internal Audit Plan 2008/9 and external audit work undertaken by the section.

Resolved – That the report be noted.